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**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
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MEMORANDUM



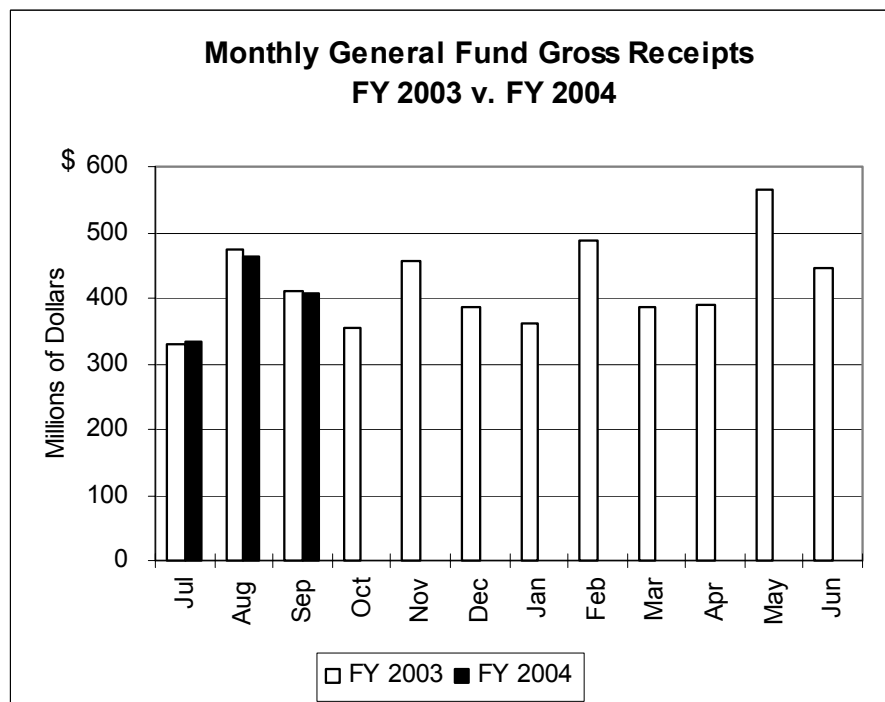
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: October 1, 2003

Monthly General Fund Receipts through September 30, 2003

The attached spreadsheet presents total FY 2004 monthly General Fund receipts, with comparable figures for actual FY 2003. The figures can be compared to the FY 2004 estimate (\$5.185 billion) set by the Revenue Estimating Conference (REC) on August 5, 2003. The estimate represents an increase of \$138.0 million (2.7%) compared to actual FY 2003 gross cash receipts (excluding transfers). The next Revenue Estimating Conference will be held October 10.



FY 2004 Compared to FY 2003

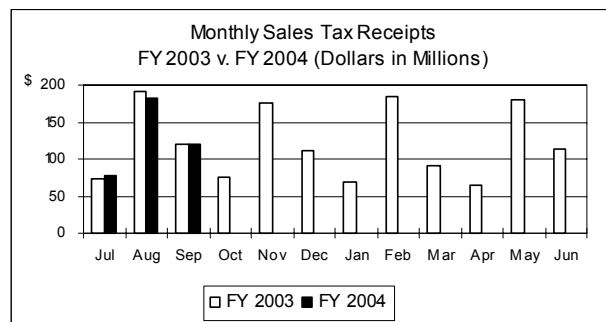
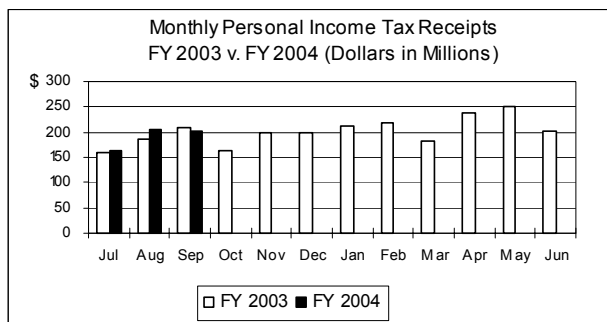
Year-to-date FY 2004 total gross revenues (excluding transfers) decreased \$7.0 million (- 0.8%) compared to the same time period of FY 2003. Major revenue sources contributing to the change include:

- Personal income tax (positive \$16.4 million)
- Sales & use tax (negative \$1.0 million)
- Corporate tax payments (negative \$14.9 million)
- Insurance premium tax (positive \$4.6 million)
- Interest (negative \$5.6 million)
- Inheritance Tax (negative \$3.4 million)

Personal income tax revenues received in September totaled \$202.6 million, a decrease of \$6.4 million (- 3.1%) compared to September 2002.

The FY 2004 REC income tax estimate of \$2.515 billion represents a projected increase of 4.0% compared to actual FY 2003. The year-to-date change in personal income tax receipts is 3.0%.

The following Chart compares FY 2004 monthly personal income tax receipts from all three sub-categories with FY 2003.



Sales tax receipts received in September totaled \$118.9 million, a decrease of \$0.3 million (- 0.3%) compared to September 2002.

The REC estimate for FY 2004 sales tax receipts is \$1.450 billion, which represents a decrease of \$0.3 million (- 0.0%) compared to actual FY 2003. The year-to-date growth in sales tax receipts is negative 0.7%.

The preceding Chart compares FY 2004 monthly sales tax receipts with FY 2003.

Use tax receipts received in September totaled \$13.8 million, an increase of \$2.8 million (25.5%) compared to September 2002.

The REC estimate for FY 2004 use tax receipts is \$259.3 million, which represents an increase of 2.0% compared to actual FY 2003. The year-to-date growth in use tax receipts is 2.8%.

Corporate tax receipts received in September totaled \$19.7 million, a \$0.7 million decrease (- 3.4%) compared to September 2002.

The REC estimate for FY 2004 corporate tax receipts is \$247.1 million, which represents an increase of 4.3% compared to actual FY 2003. The year-to-date growth in corporate use tax receipts is negative 28.1%.

Insurance premium tax receipts received through September are \$4.6 million (657.1%) above FY 2003. Changes made to insurance premium tax prepayments (SF 2318 – Insurance Tax Reduction Act of 2002) increased June and July receipts by approximately \$10.0 million. Roughly half of that amount arrived in July.

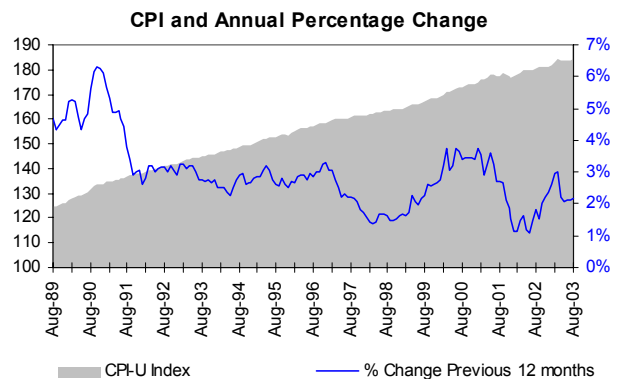
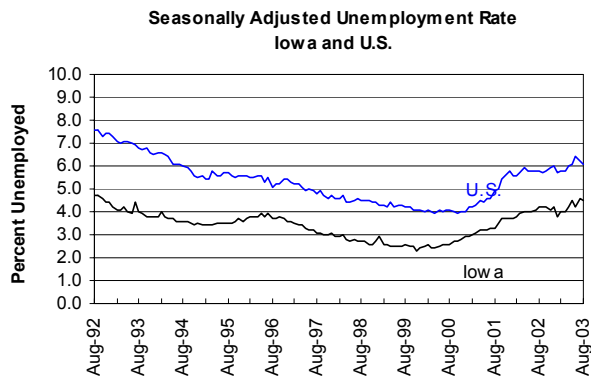
Status of the Economy

The August seasonally adjusted Iowa civilian unemployment rate was 4.5%, down from the July 2003 rate of 4.6%. The decrease for the month was due to a drop in the size of the Iowa labor force and not due to an increase in employment. The Iowa unemployment rate for August 2002 was 4.2%. Iowa's total adjusted August 2003 employment registered at 1,549,800, down 53,700 from last year's level. The number of unemployed persons in Iowa was reported at 73,800 in August, an increase of 4,200 compared to last year's level.

The U.S. unemployment rate in August was 6.1%, 1.6 percentage points above the Iowa rate. The U.S. rate one year ago was 5.8%.

Consumer prices increased 0.38% during the month of August (not seasonally adjusted). The Consumer Price Index (CPI-U) through August 2003 was 184.6 (1983/84=100), 2.2% higher than one year ago.

The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through August.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2003 vs. FY 2004 July 1 through September 30, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 03 Actual Compared to FY 04 REC Estimate		
	FY 2003	FY 2004	Year to Date % CHANGE	September % CHANGE	Actual FY 2003	Estimate FY 2004	Projected % CHANGE
Personal Income Tax	\$ 554.3	\$ 570.7	3.0%	-3.0%	\$ 2,417.6	\$ 2,515.1	4.0%
Sales Tax	382.6	379.9	-0.7%	-0.3%	1,450.3	1,450.0	0.0%
Use Tax	61.2	62.9	2.8%	25.7%	254.2	259.3	2.0%
Corporate Income Tax	53.1	38.2	-28.1%	-3.8%	237.0	247.1	4.3%
Inheritance Tax	22.8	19.4	-14.9%	-5.7%	88.1	73.1	-17.0%
Insurance Premium Tax	0.7	5.3	657.1%	2317.9%	142.2	149.3	5.0%
Cigarette Tax	23.8	22.0	-7.6%	0.9%	88.1	88.1	0.0%
Tobacco Tax	1.9	2.1	10.5%	7.3%	7.4	7.0	-5.4%
Beer Tax	4.1	4.1	0.0%	-2.2%	13.9	14.3	2.9%
Franchise Tax	7.8	7.7	-1.3%	-2.3%	35.3	35.2	-0.3%
Miscellaneous Tax	1.5	0.3	-80.0%	-4216.4%	1.1	1.5	36.4%
 Total Special Taxes	 \$ 1,113.8	 \$ 1,112.6	 -0.1%	 -1.4%	 \$ 4,735.2	 \$ 4,840.0	 2.2%
 Institutional Payments	 5.6	 3.1	 -44.6%	 -42.3%	 16.2	 14.9	 -8.0%
Liquor Transfers - Profits	8.0	8.0	0.0%	0.0%	40.0	40.0	0.0%
Liquor Transfers - 7% Revenues	2.3	2.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	7.1	1.5	-78.9%	-40.5%	18.1	13.0	-28.2%
Fees	16.9	16.2	-4.1%	36.2%	72.1	68.4	-5.1%
Judicial Revenue	7.4	7.9	6.8%	-6.5%	54.7	57.3	4.8%
Miscellaneous Receipts	12.3	11.5	-6.5%	22.9%	41.4	82.1	98.3%
Racing and Gaming Receipts	38.8	42.1	8.5%	27.2%	60.0	60.0	0.0%
 TOTAL GROSS RECEIPTS	 \$ 1,212.2	 \$ 1,205.2	 -0.6%	 -0.1%	 \$ 5,046.7	 \$ 5,184.7	 2.7%